

Durham Civic Center Authority Meeting Minutes

Tuesday, January 27, 2009

8:00 am

The meeting was called to order at 8:00am with the following members present:
Present: Rob VanDewoestine, Rosemarie Kitchin, Patrick Byker, and Billy Ruffin
Owner's representation: Sharon DeShazo, Drew Cummings, Micheal Lynch and Karmisha Wallace.

Management Company: Richard Brezinski, Alfrado Garner and Jamie Frydlo.

Motion of approval for December 16, 2008 minutes moved by Rosemarie Kitchin, seconded by Patrick Byker, voted and agreed upon by all.

Fuqua School of Business Students

Action Items for February

- Coordinate rollout ceremony for civic center name change to convention center with City and County Public Information offices, Durham Chamber of Commerce, City of Durham Transportation division and signage vendor contracted to complete signs outside of the Phase I contract.
- Third amendment added to the interlocal agreement for Durham Civic Center Authority name change with language constructed through the City and County Attorneys.
- Meeting to discuss 2009/10 proposed Civic Center budget and shortfall with City and County officials.

Meeting Details

Duke Fuqua School of Business students were present to review and discuss development of the Durham Convention Center mission statement and key performance indicators.

The management company presented a new forecast for the 2008-09 budget deficit that was even larger than the \$362,000 budget amendment requested in a letter from J. B. Griffin dated January 14, 2009. The history of budget forecasts is given in the table below:

Date/Event	Deficit Increase Forecast For 2008-09 Budget	Total Deficit Forecast for 2008-09 Budget (\$876,030.00 budgeted)
October 20, 2008	\$35,968.00	\$911,998.00
November 16, 2008 Authority Board Meeting	\$2,303.00	\$878,333.00
December 16, 2008 Authority Board Meeting	\$247,181.00	\$1,123,211.00
January 14, 2009 J. B. Griffin Letter	\$362,000.00	\$1,238,030.00
January 27, 2009 Authority Board Meeting	\$436,891.00	\$1,312,921.00

Over the next month the Authority and owners will be working with the management company to obtain a firm deficit increase forecast and resolve its distribution between the various parties.

Process for name change of the Authority:

Mr. Cummings is working with both City and County Attorneys on agreement of language for the third amendment to be added to the interlocal agreement officially changing the name of the Durham Civic Center Authority to reflect Durham Convention Center Authority. Mr. Cummings and Ms. Wallace will be moving this agenda forward.

Signage update:

Completion of convention center and downtown signs is being executed for a February 17 name change rollout ceremony.

Capital Project Update November 2008:

Current Project

The construction phase was completed within budget and on schedule including additional scope of \$ 316,000.00 for the pre-function corridor and folding partitions in the original ballrooms. Subsequent to completion and occupation an unforeseen irregularity in the incoming electrical supply and a request for new ballroom thermostats added a further \$24,000.00 of additional scope to the project. This delayed the project close-out phase by twelve weeks but additional CM@R overhead costs were avoided. Duke Energy continues to monitor their incoming power supply and local sub-station and will advise the Architect/Engineer on whether four additional line-reactors may still be required. The Architect/Engineer's report January 19 on their investigation of the freeze-failure of one of the four new AHU's (and subsequent flooding of part of the facility) will require further elaboration as they were unable to clearly ascribe fault for the incident. The CM@R has undertaken the recovery costs incurred pending a final determination of actual liability. All four AHU's have been checked and adjusted to maximize frost protection, in light of this occurrence and of the recent abnormally low temperatures.

Punch-list

The punch-list work is 95% complete. The usual schedule for punch-work was extended to allow the users take immediate occupation and the CM@R's agreement to work under the access restrictions imposed by Shaner's booking schedule. Punch-work was further controlled by the manufacturer's lead-in time for both the carpet end-caps and wallpaper.

- 180 items were identified, of which the following are incomplete;
 - Signage; the new 'Durham Convention Centre' sign to the PFC entrance was installed 1/19.
 - CFL lamps failing in the grand ballrooms. The A/E and CM@R are continuing to liaise with the lamp, ballast and dimmer suppliers to resolve.
 - Rework to the north wall of the Grand Ballroom has been deferred to January 26 through February 12, 2009 to suit Shaner's booking schedule.

FY 09/10 Project

A preliminary meeting was held with the stakeholders to develop the project scope based on the un-funded list (appendix B) from the current project. The Architect/Engineer issued a proposed fee amendment for the follow-on FY 09/10 project on October 15 but City General Services Department have yet to review or schedule for a City Council agenda cycle. Following review of the Architect/Engineer's proposal, the CM@R will also submit their cost proposal for design-phase pre-construction services.

The Authority chair had questions regarding close out of phase I.

- Who is making the determination of liability on the line reactors?
 - ⊖ The design team is doing an investigation and having further testing done.
- What are the facts at this point regarding the coils freezing in the air handling units?
 - ⊖ The cooling coil in the air handling unit on the rooftop froze
 - ⊖ The CMAR is paying for the cleanup until a full investigation is made and is replacing the damaged coil.
- Were the line reactors being tracked prior to the flooding?
 - ⊖ Duke Energy continues to monitor
 - ⊖ Shaner to hook up an alarm system for 24 hour monitoring through the operating budget (\$800)

Mr. Lynch added the design team is investigating the suppliers to eliminate future liability. The CMAR paid for the flooding incident. The warranty began August 3, 2008 through August 3, 2009 (construction warranty).

- Does a failure reset the warranty?
 - Probably for an individual part – one to five year warranty
- Per Mr. Brezinski, the recovery company certified the flooding would not impose further damage to the carpet.

Media Relations:

The City and County Public Relations departments recommend the Authority chair address the media as official spokesperson on behalf of the Convention Center activity. The Authority suggests four potential people be included in addressing the media on Convention Center activity: the chair, vice-chair, and the City and County representatives as long as each are on the same accord.

Management Company Status Report:

An evaluation survey for event planners was revised to increase response, and then presented to the Authority and owners. The intent was to create a form easier to use. The new form is more personable and distributable via email. Shaner is charged with creating a form for attendees.

Shaner announced the facility is a green hotel with an 86% in Marriott guest service reporting. Bookings in December 2008 for year 2009 revealed a 50% drop in food revenue from 2007 bookings. A function room usage report showed rooms in December were occupied 34% of the time. December shortfall is attributed to low attendees per

booking. In an effort to decrease expenses, the Convention Center has frozen future hiring.

December revenues came in \$101,928 under budget at \$168,962 and \$171,942 less than prior year. Audio Visual came in at \$9,263 more than budget. Food labor and direct expenses continue to be reviewed. Administrative and General Direct Expenses are down. There were no Minor Fixed Asset purchases made in December. The Owners received a December profit in the prior year.

Agenda for next meeting

- Budget amendment for 2008-09
- Status of Capital projects (Micheal's presence will continue through a written report)
- Management report
- 2009/10 proposed budget
- Business Plan